

Is Nutrition Losing Out in African Agricultural Policies? Evidence from Nigeria

Agricultural policies in many African countries focus on industrialising food value chains and substituting domestic products for imported ones. Yet experience in Nigeria shows that, by focusing on staple crops and neglecting vegetables, pulses and animal proteins, these policies are missing opportunities to address micronutrient undernutrition. By promoting import substitution, these policies also risk undermining gains made in food fortification. Before restricting imported foods, agricultural policies need to build the capacity of domestic value chains to provide high-quality produce, while also strengthening regulatory institutions. This will require long-term commitment, but failure to act could jeopardise progress on undernutrition.

Major initiatives such as the Alliance for a Green Revolution in Africa and the G8-led New Alliance for Food Security and Nutrition are aiming to promote private investment and industrialisation in African agricultural and food systems. These programmes promise to increase crop yields and rural incomes, and stimulate economic growth. Nigeria has been an early adopter of this approach, with its ambitious Agricultural Transformation Agenda (ATA) (see box). Its experience can offer lessons for other countries involved in the New Alliance and similar initiatives.

Nigeria's federal government reports that the ATA has helped generate US\$2bn in new financing from development institutions and US\$4bn from private investors. However, sector policies are poorly linked to efforts to reduce Nigeria's alarming rates of undernutrition. Although agricultural growth can lead to better nutrition when accompanied by complementary policies, the current agenda lacks the measures needed to reduce chronic deficiencies in key micronutrients such as vitamin A and iron.

Nigeria's Agricultural Transformation Agenda

- Provides public investment for targeted crops, mostly staples and export crops.
- Discourages food imports through import tariffs and bans, and minimum use laws (e.g. bread must contain a minimum of ten per cent cassava flour).
- Encourages foreign investment in agriculture through tax breaks, lifting of restrictions, and protection from nationalisation.
- Promotes food processing and storage focused on particular crops and zones.
- Creates risk-sharing facilities to encourage lending to agriculture.

G8 New Alliance for Food Security and Nutrition in Nigeria

- Donors have pledged to support Nigerian federal government's focus on domestic food crops and industrialisation.
- Federal government commits to liberalise markets and encourage private investment.
- Promotes development through business, with 28 companies signing letters of intent to finance specific projects.

Do agricultural policies focus on nutrient-rich crops?

Agricultural policies in Nigeria and other African countries are focusing on carbohydrate-dense staple crops rather than foods rich in protein or micronutrients (such as pulses and vegetables) that could improve nutrition. Although Nigeria's ATA comprises a diverse set of commodities – including some pulses and vegetables – investments have focused on staple crops, especially cassava, rice and sorghum. For example, the government proposed US\$25.8m in public funding to support cassava, compared with only US\$1.2m for orange-fleshed sweet potato (rich in vitamin A). The ATA also includes soya (a good source of proteins) but stipulates that it is to be used for animal feed rather than human consumption.

Private investments under the New Alliance have a similar bias. These are set out in a Cooperation Framework document outlining plans in Nigeria; they include 29 investments in specific crops. Cassava receives more investments than any other crop. Sixteen private pledges target foods that are high in protein or micronutrients; but it is unclear whether these investments will improve the diets of poor populations because the document does not specify whether the products are intended for export or domestic markets.

The story is similar in other New Alliance countries, based on an analysis of the Framework documents of six countries in early 2013. Of 111 private pledges, only 32 mentioned nutrient-rich foods. Twelve of these were intended for export, while only four specified products that might be targeted towards low-income populations.

The disadvantages of domestic sourcing

Public and private investments in staple crops could help reduce undernutrition if they were fortified with micronutrients. Fortification is a centrepiece of global nutrition policies; 75 countries have mandated fortification of wheat flour. In Nigeria, national law mandates that

wheat flour, vegetable oil and sugar must be fortified with vitamin A, and that flour must also be fortified with iron and other micronutrients. These foods are eaten by rich and poor Nigerians alike, so they are good vehicles for delivering micronutrients.

However, one of the biggest challenges for any food fortification programme is ensuring that companies are fully compliant. In Nigeria, this has been a persistent problem despite more than a decade of experience. A recent study found that only 50 per cent of wheat flour contained the acceptable level of iron, while 43 per cent of vegetable oil had no detectable vitamin A. The key problem is that government regulatory agencies do not have sufficient enforcement capacity. NGOs and government are working to build this capacity and make it simpler for companies to comply. But these efforts could be undermined if agricultural policies push import substitution too rapidly.

Fortification programmes in Nigeria and elsewhere tend to rely on imported products for several reasons:

- **Imported foods tend to be of higher quality.** Food processing companies frequently complain about poor and variable quality of domestic supplies. The case study below shows how businesses find it difficult to set up schemes that might provide better quality domestic products.
- **Imported foods tend to be safer.** For example, maize and peanuts grown in Nigeria and other African countries often contain high levels of dangerous aflatoxin, while imported supplies are certified as aflatoxin-free.
- **Enforcement is easier for imported foods.** Because imported foods tend to be handled by a small number of businesses, it is easier to provide support to industry and to monitor results. In contrast, markets for domestic products tend to be fragmented and include large numbers of small businesses; the problems this creates are illustrated by the case study on cassava flour in Nigeria (see box).

“Nigeria’s ATA investments have focused on staple crops, especially cassava, rice and sorghum at the expense of foods that are high in protein or micronutrients.”

These factors mean that in the short term, domestic sourcing would make it more expensive for businesses to comply with fortification while also making it more difficult for government agencies to enforce. These agencies are already struggling to monitor the import market; they cannot reach the large number of unregistered businesses that make domestic foods. The import substitution programme – although it may have long-term benefits for the economy – could therefore endanger the gains made through mandatory fortification.

This does not mean that African countries should continue to rely on imports indefinitely. Policies that promote domestic sourcing can help reduce poverty and bolster food security in the long term. However, agricultural policies need to be carefully designed and implemented so that they do not undermine nutrition programmes. The first priority is to build the capacity of domestic agri-businesses, along with regulatory institutions, so that they can deliver good-quality and safe foods.

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Mandatory fortification of domestic products? The example of cassava

The ATA is promoting cassava as a substitute for imported wheat by increasing tariffs and requiring that bread is made with ten per cent cassava flour, increasing to 40 per cent in 2015. At present, cassava flour is not fortified.

What are the prospects for introducing fortification for cassava? The cassava processing sector in Nigeria is highly fragmented, in part because factories need to be located close to areas where cassava is grown to prevent spoilage. In 2011, there were two large cassava flour manufacturers in Nigeria, with a combined capacity of 58,000 tons per year along with 104 small and medium producers with a combined capacity of 62,000 tons per year. If fortification of cassava were to be made mandatory, the fragmentation of the sector would make enforcement very expensive.

Source: Federal Ministry of Agriculture and Rural Development (2012) *Draft Action Plan for a Cassava Transformation*, Abuja, Nigeria; Federal Government of Nigeria

Difficulties with contract farming

Contract farming and outgrower schemes can help upgrade domestic value chains. By setting up such schemes, food processing businesses can receive reliable and high-quality sources of produce in exchange for providing credit and training to farmers.

However, Nigeria's experience shows that it is difficult to ensure the sustainability of such schemes. After one donor-funded project encouraged a soya oil manufacturer to establish contract farming, the company faced cash flow problems and terminated the scheme. Similarly, IDS case studies show that enforcing contract schemes can be too expensive for medium-sized businesses. To reduce these risks, broader public support and enforcement are needed.

Policy recommendations

National governments, development partners and stakeholders in African agricultural policies should:

- Move cautiously on import substitution policies until there is evidence that domestic value chains can provide good-quality supplies. One option is to begin with one key commodity, and later expand to others.
- Invest more in nutrient-rich crops, and in specific value chains that make these foods available to poor populations. Invest in extension services for the poorest rural households, enabling them to grow nutrient-rich crops for their own consumption.
- Build and strengthen business member organisations, farmer organisations and food processor associations to provide platforms for upgrading quality and promoting fortification.
- Build the capacity of government regulatory agencies and industry bodies to monitor and enforce food fortification requirements.

Further reading

Robinson, E. and Humphrey, J. (2013) 'How Much is the New Alliance Doing for Food Security and Nutrition?' IDS Globalisation and Development Blog, 12 June. www.globalisationanddevelopment.com/2013/06/how-much-is-new-alliance-doing-for-food.html

Nwuneli, N.; Robinson, E.; Humphrey, J. and Henson, S. (forthcoming) 'The Role of Businesses in Providing Nutrient-rich Foods for the Poor: Two Case Studies in Nigeria'. *IDS Evidence Report*. Brighton: Institute of Development Studies

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Credits

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